

# **Advice to suppliers on complaints handling and the Financial Services Ombudsman Scheme**

## **Introduction**

The Financial Services Ombudsman Scheme ("the Scheme") is a dispute resolution service for financial complaints which operates out of the Office of Fair Trading ('OFT') . It is established under Schedule 4 of the Financial Services Act 2008.

The Scheme fulfils an important role by giving individual consumers access to an independent, speedy and informal dispute resolution service. However, the aim is not to interfere in the normal relationship between financial firms ('suppliers') and their customers. The responsibility for attempting to resolve complaints must lie, in the first instance, with the suppliers who should be able to resolve the vast majority of customer complaints internally. As a result there will be only a small proportion that remain unresolved and are referred to the Scheme.

The standards within this document are considered by the OFT and Financial Services Authority ('FSA') to be best practice and the Scheme will have regard to this when considering complaints. This advice is published for the benefit of all persons providing financial services in or from the Isle of Man.

A supplier of financial services should co-operate fully with the Scheme, responding to requests for information either from OFT staff or an adjudicator to the Scheme in a timely manner.

Suppliers should comply with any determination made by the Scheme or agreed settlement, by making prompt payment of any award or the taking of steps as directed.

## **Internal complaints procedures**

Suppliers should have appropriate, accessible, effective written procedures which set time limits for:-

- (a) acknowledging complaints;
- (b) responding to complaints;
- (c) keeping the complainant informed about the progress of an investigation; and
- (d) payment of accepted offers of redress.

Internal complaints handling should be completed within eight weeks and a final response issued to complainants within this time. The final response should contain a full, considered and final response to the complaint.

In exceptional circumstances, if the investigation has not yet been completed, a response explaining why must be sent to the complainant at the end of the eight week period. Both this response and all final responses must include details of the complainant's right to approach the Scheme, and include details of the Scheme. Leaflets on the Scheme are available from the OFT at a small cost or can be downloaded from the OFT website.

Suppliers may choose to set a shorter target time for issuing final responses within the overall limit. The legislation establishing the Scheme sets out various criteria under which complaints can be dismissed by the Scheme or are ineligible for consideration. However, it is for the Scheme to decide whether or not complaints are eligible for consideration. Even if a supplier believes that a complaint will not be accepted, it must still inform the complainant of their right to refer their complaint to the Scheme. Suppliers should not attempt to block complainants from approaching the Scheme. Similarly, even if a supplier is offering what it considers to be an acceptable settlement in a final response, it must still make the complainant aware of the Scheme and their right to approach the Scheme.

### **Promotion of complaints procedures**

Suppliers operating in or from the Isle of Man should promote the Scheme generally, as appropriate for the nature of the organisation, with the intention of raising all customers' general awareness of the Scheme. Suppliers should indicate that they are covered by the Scheme and can use methods of their choice such as notices in branches, sales offices or on websites; on documentation such as brochures and business cards etc.

More specific and detailed information to explain a supplier's complaints handling procedure should also be published and this should include details of the Scheme. This information can be presented in a 'How to complain' styled leaflet and/or included within terms and conditions, policy wordings or other key customer documentation. While suppliers may choose to give this detailed information to all customers, as a minimum it should be available to customers on request and given to customers when they make a complaint. As well as receiving the information in the final response, complainants need to know about any independent complaints resolution body when they make a complaint, so that they know it is worth pursuing. It is in both parties' interests that this occurs rather than having complainants give up and remain dissatisfied.